PROBLEMS AND PROSPECTS OF ECOTECH IN APEC: A WAY OUT OR A WAY FORWARD? *

By Medhi Krongkaew, with assistance of Jaroenjit Pothong **

1. Introduction

Despite political problems at home, most APEC leaders were able to come to Brunei for its 8th annual APEC Economic Leaders' Meeting (AELM) or what is more popularly known as the annual APEC Summit. [1] Compared with previous summits, this Brunei Summit must also be called a success because it ran smoothly without street protests seen in other summits like in Vancouver or Auckland, and attending APEC leaders were able to say what they wanted to say. But despite the conscious attempt by the host, Brunei, to play up the main theme, or the main thrust, of this year's 'deliverables', which is human capacity building in APEC--a clear economic and technical (ECOTECH) issue, it got lost in more traditional topics or issues that APEC has been known to be focusing upon, the trade and investment liberalisation and facilitation (TILF), and its allied issues. Indeed, from what we can see from the news reports, this year's APEC Summit was mainly about 3 things: the general support of globalisation and its ensuing necessity to launch a new trade negotiation round in the WTO, the importance of the New Economy, and the announcement of several sub-regional or bilateral free-trade arrangements (FTAs) among several APEC members. Throughout this year (2000), and even a few years earlier, senior officials of APEC during their several meetings (at least SOM 1 to SOM 3), had again and again emphasised the importance of ECOTECH as, not just the third pillar of APEC, but the 'heart' that pumps blood to sustain the life of APEC itself. [2] Yet when it is time to announce the so-called ECOTECH agenda (like that deliverable by Brunei on Human

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[1] There were at least three presidents and one prime minister who were having political problems at home: Presidents of the Philippines, Peru and Indonesia, and Prime Minister of Japan. The President of Taiwan was also having political problems at home, but he could not attend this APEC Summit anyway due to the objection of China. President of the United States attended this Summit as a lame-duck rather than incoming president. But this last participation of Bill Clinton in the APEC Summit was very appropriate because it was he who created the first AELM in Seattle in 1993.

Capacity Building), the force of the idea or concept could not match up with the force of tariff reduction, market access and competition, and other TILF concepts. Obviously the ECOTECH agenda is much more complex than a simpler trade and investment liberalisation and facilitation. So, instead of the APEC process finds a 'way forward' for ECOTECH, it actually should find a 'way out' of this difficulty first.

At present, there are several organisations, or fora, in the APEC process that deal with ECOTECH matters. Chief among these fora is the SOM Subcommittee on Economic and Technical Cooperation or ESC for short, which was established in 1998. Its main function is to assist senior officials in coordinating and managing the ECOTECH agenda, and in identifying value-added initiatives for cooperative action (see Box 1 for a more detailed description of the function of duties of the ESC). As it will become clear later, what ESC has done so far, or will be doing in the future, is not totally conducive to making the understanding of ECOTECH agenda any easier. Also, since its beginning in 1989, APEC already has had several working groups with specific areas of interest such as industrial science and technology, energy, or human resources development, where economic and technical cooperation elements could be developed. The ECOTECH elements from these working groups add to the complexity of ECOTECH issues. What is more, it is now established that there are also ECOTECH elements in the traditional TILF matters! Now it appears that ECOTECH has permeated every corner of APEC. How to make more sense out of this development of ECOTECH in the APEC process?

This paper is about explaining problems associated with the role of ECOTECH in APEC, and about discussing prospects of this complex issue in APEC at present and in the future. It will begin by recounting the historical development of ECOTECH concept, leading to the current structure and promotion of ECOTECH in the current APEC process. This is done in the next section, Section 2. Then the paper will, in Section 3, discuss what kinds of ECOTECH activities are being undertaken by the ESC, to what outcomes and ramifications. Section 4 looks at a broader issue of ECOTECH that goes beyond the role or function of the ESC to see how other economies and other APEC fora could take part in ECOTECH Agenda. Finally, Section 5 suggests ways to get out of ECOTECH difficulties and move forward to achieving greater and more profitable and appropriate role for ECOTECH in the future.

2. Current Structure and Promotion of ECOTECH in APEC

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[2] This concept of ECOTECH as the heart of APEC is made popular by Andrew Elek and Hadi Soesastro in their joint paper, 'ECOTECH at the Heart of APEC: Capacity Building in the Asia Pacific Region', Foundation for Development Cooperation, 1999.

Admittedly it is possible to see APEC when it was first conceived in the late 1980s as a potential trade bloc in the Asia Pacific region. The circumstance under which this APEC idea was conceived was that, in 1989, the Uruguay Round of GATT negotiations was under an eminent danger of collapse due to inability of its members to agree on several important basic issues including the treatments of agriculture and trade in services. If this historic trade negotiations should fail, it could bring about a trade war between North America and Europe, leaving non-united East Asian countries exposed and vulnerable. Hence the formation of APEC as a trade bloc that will challenge both the North American Free Trade Area and the European Single Market or European Union. Fortunately the Uruguay Round was successful and a potential trade war was averted. Instead of being a trade bloc, APEC, now with the participation of the United States and Canada, had opted to become an 'open economic association' (Yamazawa, 1992). It is open because it does not seek to discriminate against non-members. It is economic because it deals basically with economic growth, trade and investment. And it is an association because participants do not cede powers of regulation or enforcement to any supra-national regional institution. Unlike GATT and its metamorphosis, the WTO, APEC is a voluntary organisation based on consensus aiming at free and open trade and investment in the region, not a rules-based organisation with sanction power like the WTO. Trade and investment liberalisation and facilitation were a major concern of APEC in the beginning.

Once the major landmark agreements on trade liberalisation were reached in Bogor, Indonesia in 1994 that developed economies in APEC would be ready for free trade and investment in the Asia Pacific region by 2010, and developing members by 2020, more emphasis could be put in other aspects of a regional grouping. As argued by Hadi Soesastro (1999), as chair of APEC in 1994, Indonesia made it clear that trade and investment liberalisation and facilitation must be accompanied by 'development cooperation' aimed at developing capacity in the developing economies to be able to take part in the liberalisation process. The term 'development cooperation' was later changed to 'economic and technical cooperation' or ECOTECH to make sure that APEC would not turn into another forum for development aid.

In 1995, Japan as host of the APEC Summit, continued its further work on ECOTECH for APEC. In its long-term plan for the development of APEC known as the Osaka Action Agenda (OAA), Japan clearly defined, in Part 2 of this OAA, what member economies should do in their ECOTECH matters. The three basic principles that APEC economies would follow to achieve the objectives of this part of the OAA require that:

(a) APEC economies "…pursue economic and technical cooperation in order to attain sustainable growth and equitable development…, while reducing economic disparities among APEC economies and improving economic and social well-being". It was expected that such efforts would also facilitate the growth of trade and investment in the region.
(b) APEC economies "…conduct economic and technical cooperation on the basis of the principles of mutual respect and equality, mutual benefit and assistance, constructive and genuine partnership and consensus building". And,
(c) In pursuing the above objectives, APEC economies will develop an environment favourable to the effective operation of market mechanisms and integrate into the cooperation process the business/private sector as well as involve wherever possible other pertinent institutions".

Thirteen specific areas were listed in this Part 2 of the OAA where Common Policy Concepts, Joint Activities, and Policy Dialogue were the three essential elements to be taken into account. [3] These 13 specific areas for economic and technical cooperation include (1) human resource development; (2) Industrial science and technology; (3) small and medium enterprises; (4) economic infrastructure; (5) energy, (6) transportation; (7) telecommunications and information; (8) tourism; (9) trade and investment data; (10) trade promotion; (11) marine resource conservation, (12) fisheries; and (13) agricultural technology.

In 1996 Philippines was the host for that year's APEC Summit. ECOTECH got further refinement from APEC leaders. The Manila Declaration on an Asia Pacific Cooperation Framework for Strengthening Economic Cooperation and Development identified 6 priority areas of ECOTECH, namely:

(1) Development of human capital;
(2) Development of stable, safe and efficient capital markets;
(3) Strengthening of economic infrastructure;
(4) Harnessing of technologies for the future;
(5) Safeguarding of the quality of life through environmentally sound growth; and
(6) Development and strengthening of the dynamism of small and medium enterprises.

[3] A Common Policy Concept requires a setting up of goals, basic principles and priorities in each specific area of APEC economic and technical cooperation. A Joint Activity would call for compilation and sharing of data and information, surveys, training, seminars, research and technical demonstrations. Finally, a Policy Dialogue on economic issues pertaining to these 13 specific areas of interest will be conducted.

Together, this Manila Declaration and the 1995 OAA have become the guiding principles of how ECOTECH agenda would be set in APEC. Note that while priority areas were set and plan of action suggested, these ECOTECH activities were left for all economies and existing APEC working groups and other fora to handle by themselves. Whereas the coordination of the work on trade and investment liberalisation and facilitation was being undertaken by the Committee on Trade and Investment (CTI), there was no similar organisation or administrative institution to take care of ECOTECH matters. This gave rise to a debate in the following year, in Canada, which played host to the 1997 APEC Summit. Some major developed economies members objected to the creation of this special administrative unit to coordinate the ECOTECH work, saying that such creation might dilute the importance of TILF which was the primary objectives of APEC and might turn APEC into a mutual aid-giving and aid-receiving organisation, while some major developing economies members insisted that a special administrative unit to coordinate ECOTECH activities was needed as the main issue was economic and technical cooperation, not aid-related developmental activities. In the end, a compromise was reached whereby this administrative unit to coordinate ECOTECH activities was set up, not as a committee like the CTI or the Economic Committee (EC), but as a sub-committee attached to SOM and to be officially known as SOM Subcommittee on Economic and Technical Cooperation or ESC. As this strange creature works with, and reports to SOM directly, it has the same status as the CTI or the EC, except that it normally does not report to APEC Minister Meeting (AMM) like the other two committees.

So, the ESC came to life in 1998 when Malaysia became host for the 1998 Summit. In the first official meeting of the ESC in Singapore in April 1998, one could feel an exciting beginning of this sub-committee. It was of course already agreed that the role of the ESC was to assist the SOM in coordinating and managing the ECOTECH agenda of APEC. This was to be taken in the form of review and consultation to ensure that ECOTECH activities met the needs of APEC constituents. If necessary, bold and innovative approaches producing results were to be encouraged. SOM had already tasked the ESC to do four things:

- The spread of work on the ECOTECH priority of developing human capital and harnessing technology for the future;
- The continuation of last years' work on infrastructure;
- The formulation of the Agenda for Science and Technology Industry Cooperation into the 21st Century; and
- To contribute to the ECOTECH elements in the Early Voluntary Sectoral Liberalisation (EVSL) process.

So, three years after the ESC began to function, the role of this sub-committee has become clearer. Still, the promotion of this ECOTECH body to play an important part in the APEC process is fraught with uncertainties and problems. These uncertainties and problems will be discussed in the next section. We leave this section by noting that, at present, the ESC is headed by a chair nominated by a member economy to be approved by SOM and AMM. The Chair of the ESC has a term of two years, and is responsible directly to SOM. Members of the ESC can be senior officials of APEC member economies themselves, or they can designate their representatives to participate in the ECS meetings which take place at the same time as the SOM meetings (either before or after the SOM meetings). Apart from serving at the instruction (and pleasure) of the SOM, the ESC has no jurisdiction or power over any other APEC fora. The APEC Secretariat of course assigns two senior officers to work with the ESC Chair, one to coordinate the broad agenda of the ESC and its implementation, and the other to work as a special assistant to the ESC Chair. The ESC Chair does not even have the right to attend the meeting of any working groups, unless invited or permitted to do so by the lead shepherds. Moreover, as the ESC Chair is supported or sponsored by the government of an APEC member, he or she is also under some controls of that government either through budgetary provision and/or official permission to participate or engage in certain APEC activities. So far, the sharing role between the ESC Chair and Vice Chair is still not clearly defined although it is assumed that the Vice Chair may be asked to perform the duties of the Chair if and when necessary.

3. Narrow Function of ECOTECH: 'Track I' of ECOTECH Development.

One easy way to define the status of ECOTECH in the APEC process is to look at what the ESC has done throughout the year. This is a narrow view of how ECOTECH has developed. In other words, ECOTECH is what the ESC does. This may sound simple and facile, but in actuality it is not that simple at all. Imagine that there are several bodies that can initiate ECOTECH works for the ESC to do. For example, a senior official representing an economy (or group of economies) may initiate some activities, say, a certain skill training program, to SOM. This proposal may be discussed in SOM, and if no one objects to it, it will be adopted and implemented. Other member economies may join in voluntarily, and the ESC may be tasked to coordinate this program and probably evaluate it too.

The APEC ministers and leaders may also initiate something and pass on these initiatives to certain APEC fora. If these

initiatives are of ECOTECH nature, then the ESC will naturally get involved in the coordination, management and evaluation of these activities. Other APEC working groups may also initiate projects of their own, and these projects may be sponsored by the APEC process through the use of central fund from annual contributions from members. Currently the amount of central fund to be used for the work of APEC Secretariat and to support other APEC fora activities totals about US$3 million a year. Moreover, there are also several sectoral ministerial meetings, such as finance ministers meeting, trade ministers meeting, energy ministers meeting. These meetings can generate projects or activities that may require central efforts to coordinate their works and evaluate the outcomes later. The ESC, with the assistance of the APEC Secretariat and cooperation from some member economies, may have to devise a system to keep track of all these activities. New activities are proposed and implemented while old activities are still running. It is of little surprise that the ECOTECH-related activities by member economies and APEC fora are facing the danger of running out of control.

All the above activities that are initiated and implemented within the realm of APEC inter-governmental agencies and fora may be called 'Track I' of ECOTECH development. This is what APEC officials in all APEC economies and those who are formally related to it are doing with respect to ECOTECH agenda. The range of activities falling into this Track I category may be classified into 3 groups, namely coordination, dissemination and participation.

(a) Coordination

Therefore, the first assignment that SOM had asked the ESC to do (from the experience of its work in the year 2000) is to help coordinate all the ECOTECH activities by all APEC fora. By coordination is also meant evaluation or assessment. The ESC, with the help of the APEC Secretariat, was able to make a survey of all completed ECOTECH projects in the year 2000, and the outcome of this survey is informative. All projects are classified both by ECOTECH themes and by type of activity, and the results are as follows: [4]

By ECOTECH Themes	No. of projects
1. Developing human capital	70
2. Developing stable, safe and efficient capital markets	7
3. Strengthening economic infrastructure	21

[4] APEC Secretariat, ***2000 Report on Economic and Technical Cooperation, Ministerial Meeting 12***, November 2000. Mr. Mohan Mathews, a Director at the APEC Secretariat, was instrumental in carrying out this survey and analysis.

4. Harnessing technologies for the future		49
5. Promoting environmentally sound growth		51
6. Strengthening the dynamism of SMEs		22
Total	220	
By Type of Activity		
1. Survey/Study/Report	75	
2. Workshop/Seminar		59
3. Training	38	
4. Standard/Best Practice		4
5. Database/Website/Network		37
6. APEC Centre/Exposition		7
Total	220	

It may be seen that, of all completed 220 projects, the majority of these projects concentrated on developing human capital, which is good. Other than this the spread of the themes is also acceptable, except on the development of stable, safe and efficient capital markets, which is still too few. The categorisation of ECOTECH projects by type of activity had shown that more than half of these projects are surveys, studies, reports, and the organisation of workshops and seminars, with less than 18 per cent on training and less than 3 per cent on standards and best practices. It is obvious that future ECOTECH projects should move away from studies and seminars.

Note that the above is just a survey of completed ECOTECH projects in 2000. It said nothing about the evaluation of these projects. Needless to say, it is beyond the capability of the ESC to perform this evaluation function. This year, however, the ESC did pick one ECOTECH theme namely human resources development (HRD) and tried to assess the success of these HRD projects. The assessment was done by individual economies (self-assessment), and the results were so disparate that no concrete conclusions could be made out of this exercise. But at least this exercise has shown that there is a need to look into the evaluation of all ECOTECH themes. The ESC is of opinion, therefore, that if the ESC were to conduct a deeper, more thorough effectiveness evaluation, it may require the assistance of external experts. The ESC, therefore, suggested that external organisations such as the APEC International Assessment Network (APIAN), a group of scholars drawn from APEC Study Center Consortium, be asked to

help in these evaluations (see more on this point in the next section). [5]

Two more ECOTECH-related coordination and evaluation activities were undertaken by the ESC this year. They are (a) the implementation of Part II of the Osaka Action Agenda, and (b) the implementation of the guidance on strengthening management of APEC ECOTECH activities. On the implementation of Part II of the OAA, the ESC in cooperation with Japan undertook the review of this important document to see how much had been accomplished since 1995 and to see whether it needed revision. The result of the review has shown that Part II of the OAA still remains an impressive fundamental document, which clearly points to APEC's sectoral goals and provides a clear road map for activities that shape policy dialogues and projects by APEC fora. The ESC, therefore, recommends that the Common Policy Concepts articulated in the OAA be continued to be used as a reminder of the goals that individual fora are expected to achieve, and that it reviews the Joint Activities/Dialogue sections of the OAA in 2001 with a view to removing tasks that have been accomplished and incorporating new initiatives that have been launched since 1995. [6]

On the implementation of the guidance on strengthening management of APEC ECOTECH activities, the ESC had found that APEC fora had observed the ECOTECH guidelines in avoiding duplication of project substances, and in involving the private sector in the projects. The APEC Secretariat has been very helpful on these matters as it gives useful comments on project proposals seeking APEC funding. However, there were still problems related to the implementation of the ECOTECH Weighting Matrix. This is a set of criteria that check whether the proposed projects satisfy given conditions and how many points or how much weight could be assigned to it. This matrix is not used as a tool to screen out projects but simply to check that they have addressed some pertinent ECOTECH issues or conditions. [7] Because of the

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[5] It should be mentioned also that the change of attitude may be needed in the working behaviour of some APEC fora to be more cooperative and less apprehensive. A good case in point is the refusal of the Budget and Management Committee (BMC), the Central Fund handler of APEC, to allow the ESC Chair to get access to the project proposals submitted to the BMC for funding in 2000.

[6] For more details on the review of the implementation of Part II of the Osaka Action Agenda, see APEC Secretariat, ***2000 Report on Economic and Technical Cooperation, Ministerial Meeting 12***, November 2000, p. 29 and Annex 10.

[7] The ESC, in cooperation with the APEC Secretariat, had gone through the 44 approved projects for 2000 to see whether they had properly filled out the their ECOTECH Weighting Matrix forms. The results were not very pleasing, as the majority of these approved projects (29 out of 44) were submitted without adequate justification or supporting information. One was submitted without the ECOTECH Matrix, and one used the wrong form which could not be considered. It shows that the Weighting Matrix, in its current form, had failed its function as

problems experienced in the use of this Weighting Matrix during 2000, the ESC with the cooperation of the APEC Secretariat proposed a revision of this matrix, and the revised matrix was adopted by SOM for use in 2001.

(b) Dissemination

Although APEC officials are primarily concerned with carrying out their designated duties of promoting TILF and ECOTECH, they can hardly afford to remain separate from other segments of the society or the public at large. First of all the government needs support from the people. If the government fails to bring out the benefits of APEC to the public at large, then the government may not last. It is, therefore, important that the government keeps close attention to its communication with the tax-paying public. And one way to do this is to constantly inform the public on what APEC, or in our present case, ECOTECH is all about. The communication can be one-way or two-way. A one-way communication informs the public through various forms of publications: books, booklets, monographs, pamphlets, newspaper articles, and the like. A two-way communication takes the form of discussion groups, seminars, symposia, or even visits. Sometime the word 'outreach' or 'public outreach' is used to describe this dissemination function of ECOTECH.

Throughout the years, some APEC member economies and other APEC fora may have undertaken many of these dissemination or public outreach activities, but they are too infrequent. Some of the more notable public outreach activities of APEC members include several publications of Australia on APEC, not just for the general Australian public, but the readers in other economies too. The recent example of this notable outreach effort is the publication by Thailand in November 2000 a glossy, picture-filled booklet called 'Making APEC Matter to People through ECOTECH'. The APEC Secretariat itself is a premier organisation doing public outreach activities for APEC, but most of its publications are APEC official records, summaries of meetings, reports of studies, and so on. Perhaps its public relations officer could be given a larger responsibility to step up public outreach activities on ECOTECH in the future. It should be mentioned also that the APEC Secretariat is maintaining a very extensive and comprehensive website containing practically all official information of APEC. At the AMM and AELM this year in Brunei, the so-called ECOTECH Clearing House Project which was finished a few months earlier was launched by the ministers and leaders. This is one of the major deliverables this year in Brunei. The ECOTECH Clearing House is a website that indexes all relevant information on APEC ECOTECH

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an identification or project screening tool. And this is one of the major reasons why the ESC had asked the Senior Officials to endorse a new ECOTECH weighting matrix form.

activities. It will also provide facilities for the exchange of information between potential partners in ECOTECH activities (notice-board function). The completion of this project could indeed be called "one of the most exciting accomplishments in ECOTECH this year".

(c) Participation

Traditionally, the function or duties of the ESC should end here because the ESC had done all it can on the coordination and evaluation of ECOTECH projects, and had urged all concerned to disseminate their good results to the public. But there is another function that either the ESC itself or governments of member economies might do which is in the form of creating new activities that possess ECOTECH elements. This kind of function could be called participation function, as it reflects a conscious attempt by APEC members or fora to take part in ECOTECH efforts. Sometime this type of activities looks like an extension of the coordination of the ECOTECH activities, but there is more to it than that. Take, for example, the activity of Malaysia in 2000 in the implementation of the Kuala Lumpur Action Plan. This is an initiative of Malaysia when it hosted the APEC Summit in 1998 to promote the development of skills among APEC members. On this initiative, Malaysia had, during the meeting of SOM III in September 2000, proposed to set up an APEC network of skills development centres, and the ESC had enlisted its support and recommended that the Human Resources Development Working Group took an active part in it. In APEC Summit in Canada in 1997, China proposed a project to promote cooperation of industrial science and technology among APEC members and called this project 'APEC agenda for science and technology industry cooperation into the 21st century'. In 2000, China in cooperation with the Industrial Science and Technology Working Group had completed the Second Report which set out the mechanisms through which the objective of building a prosperous and sustainable APEC community could be achieved. Examples of these mechanisms include improved availability of and access to information, improved business climate, and enhanced policy dialogue and review. [8]

Again, throughout the years, various economies may commit themselves to carrying out some activities that fall into the category of ECOTECH participation. For example, in 2000 Japan with cooperation of Indonesia and Australia, organised a workshop on the development of legal framework in APEC member economies. Or the organisation of the APEC Forum on Shared Prosperity and Harmony by Korea in Seoul in April 2000 where

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[8] Those who are unfamiliar with the activities of the Industrial Science and Technology Working Group will find some of these explanations confusing. To fully understand the type of work that the ISTWG does, one needs to read or follow the activities of this APEC forum in full.

participants from APEC member economies discussed ways to design economic and social policies for sustained growth, and also proposals to strengthen social safety net activities in APEC to address economic disparities. But these activities and efforts must still be classified under 'Track I' of ECOTECH development as they concern formal representation of APEC members or fora. There are other types of activities that are undertaken outside the formal confine of APEC organisation or APEC process, either by individuals or groups of individuals, or institutions, or other organisations both governmental (but outside direct APEC connection) or non-governmental. This is where ECOTECH agenda of APEC could be more fruitfully carried out as it involves wider circle of the people. In this case, we would call this 'Track II' of ECOTECH development, and is regarded as a broader function of ECOTECH.

4. Broad Function of ECOTECH: 'Track II' of ECOTECH Development

We are now entering into an untested water of ECOTECH development. The origin of the idea is simple: ECOTECH no longer exists in order only to support trade and investment liberalisation and facilitation, but in order also to promote sustainable development of member economies. These two functions can go hand-in-hand, and do not require that the first function must be satisfied first before the second function is to be attempted. As so many have been involved in this 'Track II' of ECOTECH development, this section will simply list some of those ideas or concepts with a brief discussion on what they are all about.

(a) Brunei's Initiatives

As mentioned earlier, Brunei has been working on its main contribution for 2000 APEC Summit for quite some time, and it had decided that the theme for its year of Summit would be human resources development in the context of ECOTECH. Sure enough, towards the end of the year, the Brunei's proposal to promote HRD was ready. It was called 'Human Capacity Building in APEC: Meeting the Needs of the 21st Century'. In it, it recognises the fact that, as they enter the 21st century, the economies of the Asia Pacific region are facing a new and demanding environment which has major implications for the development of human capital, and that the fruits of future economic success will depend on the capacity of people to acquire and use knowledge and on their ability to cope with change. And the cost of not addressing this issues is rising and is likely to continue to rise even more rapidly in the future. But to effectively handle this new development, innovative partnerships are needed. The governments alone do not have the resources or know-how to establish the technology, the infrastructure nor the scale of human capacity building which will

be required in the future. As such, new and innovative partnerships between governments, the business sector and the training sector are needed.

On this general frame of reference, the Brunei's paper suggests that APEC can contribute to human capacity building at 3 main levels:

1. By cooperating among government officials within APEC working group activities. This is a typical 'Track I' activity;
2. By cooperation among government officials and non-government representatives (business, academic, organisations) with APEC working group activities;
3. By working in 'partnerships' with the business, education and training institutions and other organisations in activities that are going on outside the APEC working groups, and so on.

As an example of how these new relationships in ECOTECH could be established, the paper suggests a few concrete activities such as the international provision of education services and the trend toward developing cross borders alliances between training and education institutions; the sharing of information in management of education and promoting the use of technologies; and the development of distance learning. The process does not stop here even when the 2000 Summit is over. Indeed the Brunei's Initiative has been extended across borders and across time. In 2001, Brunei has invited China, the APEC host for that year's Summit, to join hands in organising, in China, a summit meeting on APEC human resources development and capacity building at which government representatives from various member economies and representatives from business and academic circles will discuss the issue of APEC human resources development and capacity building in the new century. [9]

(b) FDC's commitments

The Foundation for Development Cooperation (FDC) is a private, independent and non-political organisation based in Brisbane, Australia, with its primary interest in the promotion of development cooperation in the Asia Pacific region. Through its former Executive Director, Dr. John Conroy, the FDC was involved in the setting up of the so-called APEC Policy Dialogue Group consisting of academics, technocrats and private individuals working on APEC policy issues and development, especially on the economic and technological aspects of APEC. Since 1995, the FDC

[9] President Jiang Zemin of China had already announced the theme of the 2001 Summit as 'Meeting New Challenges in the New Century: Achieving Common Prosperity through Participation and Cooperation'.

has convened several meetings of this Policy Dialogue Group in various places where APEC ECOTECH policies are being formed or discussed such as in Japan in 1995, the Philippines in 1996, Canada in 1997, Malaysia in 1998, New Zealand in 1999, and Brunei in 2000, and has published several important papers and monographs on ECOTECH that have important bearing on the development of ECOTECH agenda in APEC. The principal brain behind these documents and studies is Dr. Andrew Elek of the Australian National University who has been instrumental in suggesting many innovative ideas on how APEC ECOTECH should move forward. [10] It is these commitments by the FDC and its supporters that provide good prospects for the future development of APEC ECOTECH.

This, the FDC has done by showing that the trade and investment liberalisation and facilitation elements of APEC need effective economic and technical cooperation components in their operations. Not only that the TILF and ECOTECH do not conflict with one another, the ECOTECH actually is the heart that sustains the life of APEC, as we have alluded to earlier. The FDC was involved in the formulation of the Manila Declaration in 1996, the Kuala Lumpur Action Plan in 1998, and the Brunei's Human Capacity Building Scheme in 2000. There are stages in which the FDC has worked through in its promotion of APEC ECOTECH. Since 1997, it has decided on four strands or classifications of ECOTECH activities namely:

- Policy development, such as the exchange of information or expertise and the design of potential cooperative activities;
- Technical cooperation, such as specific programs to upgrade expertise, institutional capacity or technological capability;
- Infrastructure-building, especially where additional capacity can benefit several Asia-Pacific economies; and
- Economic policy coordination, to help overcome short-term macroeconomic or balance of payments problems.

The latest contribution of FDC (again, through Andrew Elek) has shown that there has been progress made of many of the above activities, in cooperative policy development, in economic policy coordination, and in infrastructure cooperation. But, the activities on technical cooperation are still lacking. The FDC proposes that instead of an economy-by-economy approach to technical cooperation, APEC should encourage cooperation from the whole region. It can do this by identifying the demand for certain types of capacity-building, then enlisting the help of one or more existing

[10] The three important monographs authored or co-authored by Dr. Andrew Elek and published by the FDC are 'Forging New Partnerships: Economic and Technical Cooperation and the APEC Process' (1998); 'ECOTECH at the Heart of APEC: Capacity Building in the Asia-Pacific Region' (1999, with Dr. Hadi Soesastro; and 'Capacity Building in the Asia Pacific: A Way Forward for ECOTECH' (2000).

development agencies (not a new one) to raise necessary funds to finance them. Including in this fund-raising activities are arrangements for implementation, cost-recovery, risk management, and debt servicing. On the whole, these FDC's commitments are very valuable to the development of ECOTECH in the future, and certainly the broader function of the ESC should include contributions from an NGO like this.

c) ABAC's Challenge

The APEC Business Advisory Council (ABAC) was created in 1995 by the APEC Summit in Osaka. It is supposed to be a permanent organisation of the private sector in APEC, working independently of the APEC official systems, to promote the same goals of APEC. It is an influential body with its own administrative organisation and working systems, and its Chair gets invited to speak to all APEC senior officials' meetings, the AMM, and the AELM. Particularly at the AELM, ABAC through its Chair will get a high-profile opportunity to address the economic leaders himself on what ABAC would recommend APEC to do for the coming year or in the future.

Since its inception work plan in 1996, ABAC has always been supportive of ECOTECH. In its 1996 Report to the economic leaders, ABAC proposed that the economic leaders launch a new model of economic and technical cooperation based on strategic focus as set out in the Osaka Action Agenda, on partnership between government and the business/private sector, and on a new APEC Network for Economic and Technical Cooperation. Specifically ABAC recommended four priority areas for APEC, namely infrastructure, small and medium enterprise development, human resources development, and technology cooperation. On government partnership with the private sector, ABAC suggested that a regional framework be set up whereby the business/private sector be attracted to provide resources and expertise through incentives that confer benefits to all concerned. As for the APEC Network for ECOTECH, ABAC recommended that this organisation draw its members from governments and the private sector of APEC, managed by a board of directors from both sectors, and financed by voluntary contributions from governments and the private sector.

The ECOTECH themes have appeared in every ABAC report to economic leaders since then. In 1998, ABAC believed that TILF and ECOTECH were two parts of the same agenda. In its own words, "…the benefits of liberalisation and facilitation cannot be fully realised without building economic capacity for sustained development". In 1999, ABAC set up the Capacity Building Task Force (CBTF) as part of the work programs for that year. Referring to the Bogor goals, the CBTF believed that to reach those goals

would mean coping with the effects of liberalisation and other changes such as the shock of financial crisis, other pressures associated with growth, and the impact of new technologies. More specifically, the elements of a capacity building program envisioned by the CBTF would include such areas as capital market development and strengthening, promotion of corporate governance and regulatory reform, improvement in telecommunications including e-commerce, business-to-business skill transfers, and improvement in procurement system. Finally, in 2000, ABAC had told the APEC leaders that while APEC must stay on track in its liberalisation and facilitation agenda because trade and investment are central to the prosperity of the region as a whole, it must go beyond acknowledging the need for capacity-building to giving substance to it. More specifically, the ABAC Chair had suggested that APEC promote capacity building initiatives that will build stronger financial systems at the regional and national levels as well as to improve access to technology.

There is no denying that ABAC has posed a challenge to the APEC process to take up what is necessary to bring about improvement and progress in ECOTECH. The point is how can this be done, or how all these recommendations be implemented, or how ABAC could be made to work more closely with APEC, especially the ESC which looks after the economic and technical cooperation matters for APEC. [11] While a lot need to be done on the government side, the private sector itself may need to work harder too, to play more active part in its closer relationship with the government.

d) TASC's Experiment

The last point made above is exactly what the Thai APEC Study Centre (TASC) is trying to do or to bring into reality. It has realised the there is an urgent need for the government to work more closely with the private sector in any country or economy to bring about greater economic prosperity, and Thailand is no exception. So, as part of its duties to study the involvement of Thailand with APEC, the TASC had launched a project to bring in the three groups of people in the Thai society together, namely the government, the business sector, and the academic. The business sector here is ABAC Thailand which consists of three business organisations, namely the Federation of Thai Industries (FTI), the Board of Trade of Thailand (BTT), and the Thai Banking Association (TBA). However, due to their busy schedules, none of the responsible officers of these three organisations could take part in

[11] For a more detailed argument in favour of such a closer relationship between ABAC and the ESC, see Medhi Krongkaew, 'Closer Relations between ABAC and the ECOTECH Subcommittee: A New Development', paper presented at the Symposium on Themes for APEC 2001, organised by the Shanghai Institute for International Studies, in Shanghai, 8-10 May 1999.

the panel discussion of the workshop. However, their substitutes or replacements from the three organisations will speak at the workshop instead.

As the TASC has already organised a brainstorming sessions among few people who either are familiar with APEC, or have worked with APEC as part of national representatives before, the results or outcomes from this brainstorming session can be very useful in setting the guideline for the workshop among a larger group of people later. It was discovered during the brainstorming session that there were a lot of problems associated with the management of APEC affairs in Thailand. For example, there is inadequate preparation for the opening up or liberalisation of crucial commodities; a lack of policy coordination among government agencies, a lack of studies that can be used to back up national demand or counter the arguments from trading partners; a lack of negotiation skills; and a possibility of policy conflicts among domestic line agencies. These questions may be addressed in a larger workshop later too. But, so far, some concrete ideas have been proposed to bring about realistic ECOTECH projects that benefit all concerned. [12] Some of these concrete ideas include the setting up of the 'national agenda' for trade and investment liberalisation, the serious promotion of research and development (R & D) in all sectors in the country, the intra-governmental coordination on national positions, the upgrading of negotiation skills, and so on. [13]

e) PECC's Partnership

Among non-governmental organisations (NGOs) that are sympathetic to ideas that APEC stands for, the Pacific Economic Cooperation Council (PECC) can be counted among these NGOs. Indeed, PECC is often regarded as the precursor of APEC because it supports free trade and investment in the Pacific region. Although PECC is mainly concerned with the trade and investment aspects of this Pacific cooperation, it sometime involves with the ECOTECH elements as well. A look at the current task forces of PECC will attest to the above statement. [14]

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[12] The national workshop on 'How to Make ECOTECH Agenda Come True in Thailand?' was organised by TASC in Bangkok on December 18, 2000. Dr. Supachai Panitchpakdi, the Chairman of the National APEC Committee of Thailand (and the next Director of the WTO) presided over the opening and gave a keynote address to the participants.

[13] This project is still on-going. The Thai APEC Study Centre has just commissioned Ms. Jaroenjit Pothong, the Assistant to the ESC Chair, to continue her work on the development of joint public-private sector activities on ECOTECH in Thailand.

[14] The task forces that are clearly related to ECOTECH include the Human Resources Development Task Force, the Science and Technology Task Force, the Small and Medium Enterprise Network, and the Sustainable Cities Task Force.

Today, PECC is the only NGO that is allowed the status of an official observer in all of the APEC policy meetings (SOMs, AMM, and AELM). Throughout the years, these mutual trust and respect have developed between the two organisations. According to Mignon Chan, the Director General of PECC, PECC will continue to play the responsible roles of policy herald, independent analyst, constructive partner, objective supporter, and community builder. However, some pending issues such as membership cohesion, underutilised potential, fragmented coordination, the balancing act between long-term vision and short-term problem-solving roles of PECC, and the problems of resource pooling still cause some problems between APEC and PECC despite long partnership between the two. [15]

f) Japan's Gambit

In the past two years, Japan has shown a very noticeable tendency to support ECOTECH agenda in APEC. Apart from the request for the ESC to review Part II of the 1995 Osaka Action Agenda which was completed successfully in 2000, Japan has also succeeded in getting the endorsement of several ECOTECH-related projects in the APEC process such as the legal framework project in 2000, and the capacity-building project for a new round of trade talk in the WTO scheduled for 2001. Japan has also expressed its willingness to allow part of funds kept at the APEC Secretariat to finance TILF projects to be used to support ECOTECH projects. Certainly this development will go a long way to broaden the function of ECOTECH in the APEC process.

In May 2000, Japan proposed another ideas called 'Evolving Cooperation Initiatives'. The main reason for this gambit is the realisation that APEC ECOTECH activities are not focused or well organised enough to achieve policy goals, or not direct enough to respond to actual needs of individual economies. So, it proposes to make APEC ECOTECH activities more policy-oriented, more demand-driven and more effective in order to strengthen the linkage between ECOTECH activities and TILF and to contribute to enhancing the Strengthening of Markets initiatives in APEC. There are several concrete steps involved in this proposal, as follows:

- The holding of seminars or workshops to bring out problems facing each economy and share information on the issues;
- The formation of 'Friends Economies' among interested economies to work together on common issues;

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[15] For more details on the role of PECC as a supporting institution to APEC, see Mignon Chan, 'The Role of PECC in support of APEC: Problems and Prospects', paper presented at the regional conference on APEC Update 2000: the Role of Institutions in Support of APEC, organised by the Thai APEC Study Centre, Thammasat University, in Bangkok, 1 September 2000.

- The announcement of needs among interested economies so that these needs are known and assistance forthcoming;
- The formulation of collective action plans among interested economies to build policy framework as well as to find assistance for capacity building;
- The sharing of information on cooperation experience to improve actual cooperation activities;
- The report of progress to AMM and AELM to sustain the interest of these initiatives

In fact the seminar on legal infrastructure development with Australia and Indonesia, and the seminar on SME and new business development are part of this Japan's 'Evolving Cooperation Initiatives'. It is obvious that this kind of activities will also broaden the scope of ECOTECH function.

g) APIAN's Support

Finally, through the efforts of a group of academics in the APEC Study Center Consortium under the initiation and leadership of Dr. Richard Feinberg of the University of California at San Diego, the APEC International Assessment Network (APIAN) was formed at the end of 1997. Its main aim is to track and assess the design and execution of selected APEC initiatives. Its mission is to enhance knowledge among government officials and the general public with regard to APEC initiatives, to encourage the fulfillment of APEC objectives and commitments, and to identify ways for APEC to improve its performance. It took two years to complete its first experiment of assessing and evaluating some APEC initiatives and projects. The difficulties involved are obvious: there was little financial support among researchers who worked mainly on a voluntary basis; the issues are difficult and the evaluation of these issues is even more difficult; and there is no official support that could make these assessment and evaluation easier. [16]

There are several interesting findings concerning ECOTECH in the APEC process. The followings are some of the findings on APEC ECOTECH for the year 2000.

Problems of ECOTECH

1. Excessive diffusion of limited resources: ECOTECH's scope is too diffuse, with too much duplication and overlaps;
2. Proliferation of ECOTECH fora: ECOTECH working groups, task forces, and 'networks' have multiplied over time. This proliferation adds to the sense of confusion and inefficiency, and makes it difficult to set priorities and to coordinate efforts;

[16] But the lack of official support could be looked upon as a good thing because it means that APIAN can maintain its independence in its judgments.

3. Lack of coordination around defined APEC objectives: APEC lacks the capacity to achieve the level of coordination required for effective implementation of some wide-ranging initiatives such as the APEC Food System;
4. The ESC lacks adequate authority: Not only authority, but resources and tenure to fulfill its missions;
5. Many ECOTECH initiatives are resource-starved: APEC has not yet developed strong enough ties with existing multilateral lending agencies such as the Asian Development Bank (ADB) and the World Bank. Nor has APEC devised adequate mechanisms for channeling bilateral sources into priority APEC projects.

Recommendations of ECOTECH

1. APEC should overhaul its ECOTECH programs: APEC needs to streamline ECOTECH programs, to set priorities, to rationalise working groups, and to improve coordination among ECOTECH fora. The ESC should be given more authority and resources to pursue its mandates, and should be given the jurisdiction to review ECOTECH-related activities of TILF working groups. The ESC's reliance on working groups and member economies to self-evaluate their own performance incurs obvious limitations;
2. ECOTECH needs more active funding: 'ECOTECH Funds' could be established in collaboration with such international financial organisations as the ADB, and use APEC creativity to catalyse financial support from public and private sources behind APEC priorities;
3. APEC should mandate action plans for ECOTECH: Individual action plans (IAPs) and collective action plans (CAPs) should be prepared for ECOTECH.

5. Summary and Concluding Remark

In this paper we have attempted to investigate the development and changing role of the economic and technical cooperation or ECOTECH in APEC in the last half decade or so. The paper began by referring to the need to define a new role for economic and technical cooperation once the goals of free trade in the Asia Pacific region are set for both developed and developing member economies in APEC. This new role for ECOTECH became clearer with the detailed specification in the Osaka Action Agenda, the Manila Declaration, and the establishment of the ESC, but then the increased ECOTECH activities in various APEC fora and economies have also clouded the true function of ECOTECH and its designated overseer and administrator, the ESC. The paper discussed the narrow function of ECOTECH which is what has transpired with the official APEC organisations and mechanisms, and then looked at

the broader function of ECOTECH where the people or organisations involved have expanded beyond the confine of official APEC organisations into other private and non-governmental organisations as well. This is what and where ECOTECH should be, but in coping with this increasingly complex nature of relationships within the present APEC process, ECOTECH has found itself trapped in its shifting roles within the APEC process. The prospect for ECOTECH is not so much what a way forward is, but an appropriate way out should be.

ECOTECH is at a crossroads. The past three years that the ESC has carried out its duties have shown that there are a lot of problems that remain unsolved, and new problems that have cropped up along the changing nature of APEC, where trade and investment liberalisation and facilitation are no longer the all-encompassing goals of APEC. Trade and investment liberalisation will lose its meaning if members are not able to compete fairly with one another, but one way to enable such fair and open trade is to promote greater economic and technical cooperation, to bring every member to more or less the point where liberalisation does not mean exploitation and unfair advantage. ECOTECH must be given equal, if not greater, emphasis in APEC in comparison with TILF. There is no conflict here if this is done, but if ECOTECH is given a subservient role, then conflict is certain to happen.

It is refreshing to see that an outside organisation like APIAN would see the problems of ECOTECH as they should be seen. It is fitting to end this paper by saying that by proper placing the importance of ECOTECH in the APEC process, by streamlining ECOTECH functions among APEC fora and what each economy can do in its ECOTECH activities, and by giving greater authority and resources to the ESC, not only that we find the way out for ECOTECH, it is also a way forward for APEC.

Box 1: Terms of Reference of the SOM Sub-committee for Economic and Technical Cooperation

A. BACKGROUND

1. SOM has been mandated by Leaders to mandate and coordinate the APEC Economic and Technical Cooperation (ECOTECH) agenda. In Vancouver, Ministers have committed to further strengthen economic and technical cooperation in APEC by fully implementing the Framework for Strengthening Economic Cooperation and Development, which was agreed in Manila. In this connection, Ministers endorsed the proposal by Senior Officials to establish a SOM Sub-Committee for Economic and Technical Cooperation.
2. The SOM Sub-Committee will assist the SOM in coordinating and managing APEC's ECOTECH agenda, as well as identifying value-added initiatives for cooperative action.

B. OBJECTIVES

3. The main objective of the SOM Sub-Committee is to advance more effective implementation of the APEC's ECOTECH agenda by consulting with and integrating the efforts of various APEC fora through a results-oriented, outcomes-based approach which benefits all member economies; providing a policy management tool for strengthening and streamlining APEC's work; and providing guidance on possible actions which could be undertaken to achieve APEC ECOTECH goals, namely:

- To attain sustainable growth and equitable development in the Asia-Pacific region;
- To reduce economic disparities among APEC economies;
- To improve the economic and social well-being of the people; and
- To deepen the spirit of community in the Asia-Pacific.

4. The pursuit of the ECOTECH goals through concrete projects will take into consideration members' diverse and complementary capabilities and guided by the principles of :

- Mutual respect and equality;
- Mutual benefit and assistance;
- Constructive and genuine partnership; and
- Consensus building.

5. The SOM Sub-Committee will serve as a forum to discuss, formulate as well as coordinate action oriented integrated strategies in consultation with existing APEC groups and the business community, as necessary to implement the APEC Framework for Strengthening Economic Cooperation and

Development which has identified the following six priority themes:

- Develop human capital
- Develop stable, safe and efficient capital markets
- Strengthen economic infrastructure
- Harness technologies for the future
- Safeguard the quality of life through environmentally sound growth
- Develop and strengthen the dynamism of SMEs

Activities

5. The SOM Sub-Committee will :

- Report to SOM on its proposed work program and assist the SOM to effectively implement the 1996 Framework for Strengthening Economic Cooperation and Development. In so doing, the SOM Sub-Committee shall ensure that all the elements of the Framework are developed.
- Review progress of APEC activities towards achieving APEC ECOTECH goals.
- Identify and recommend for Senior Officials consideration specific issues and value added initiatives to assist the achievement of ECOTECH goals taking into account the economic situation, requirements and capacities of all member economies.
- Examine and evaluate ECOTECH programmes and activities and recommend to Senior Officials means to achieve visible, targeted and result-oriented deliverables to address member economies priorities.
- Assist the SOM to improve the management and coordination of ECOTECH activities among APEC fora, including APEC working groups and policy level committees, with a view to improving the identification and coordination of new cross-cutting issues.
- Evaluate proposals to include new priority areas within the Framework for Strengthening Economic Cooperation and Development.
- Encourage active participation of the private sector in the activities of economic and technical cooperation. Consider the recommendations of ABAC regarding the process of economic and technical cooperation in APEC.
- Undertake ECOTECH-related tasks as directed by Senior Officials.

Source: APEC Secretariat, ***2000 Report on Economic and Technical Cooperation, Ministerial Meeting XII***, November 2000.

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